MSU Forestry Department
Forest Carbon and Climate Program

Forests as a Climate Solution
State Policy Tracking Initiative

October 17, 2022

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The Forest Carbon and Climate Program

Researches and synthesises complex, interdisciplinary topics to interpret the latest scientific findings in:

- Carbon storage and emissions
- Certifications
- Conservation
- Wood utilization and HWPs
- Biodiversity
- Human dimensions
- Ecosystem services

to provide educational materials for a wide range of forestry professionals

- Learning materials
- Interactive videos
- Professional conferences
- Workshops
- Scientific writing
- Short writing pieces
- Research
- Open Resource Library
- Webinars

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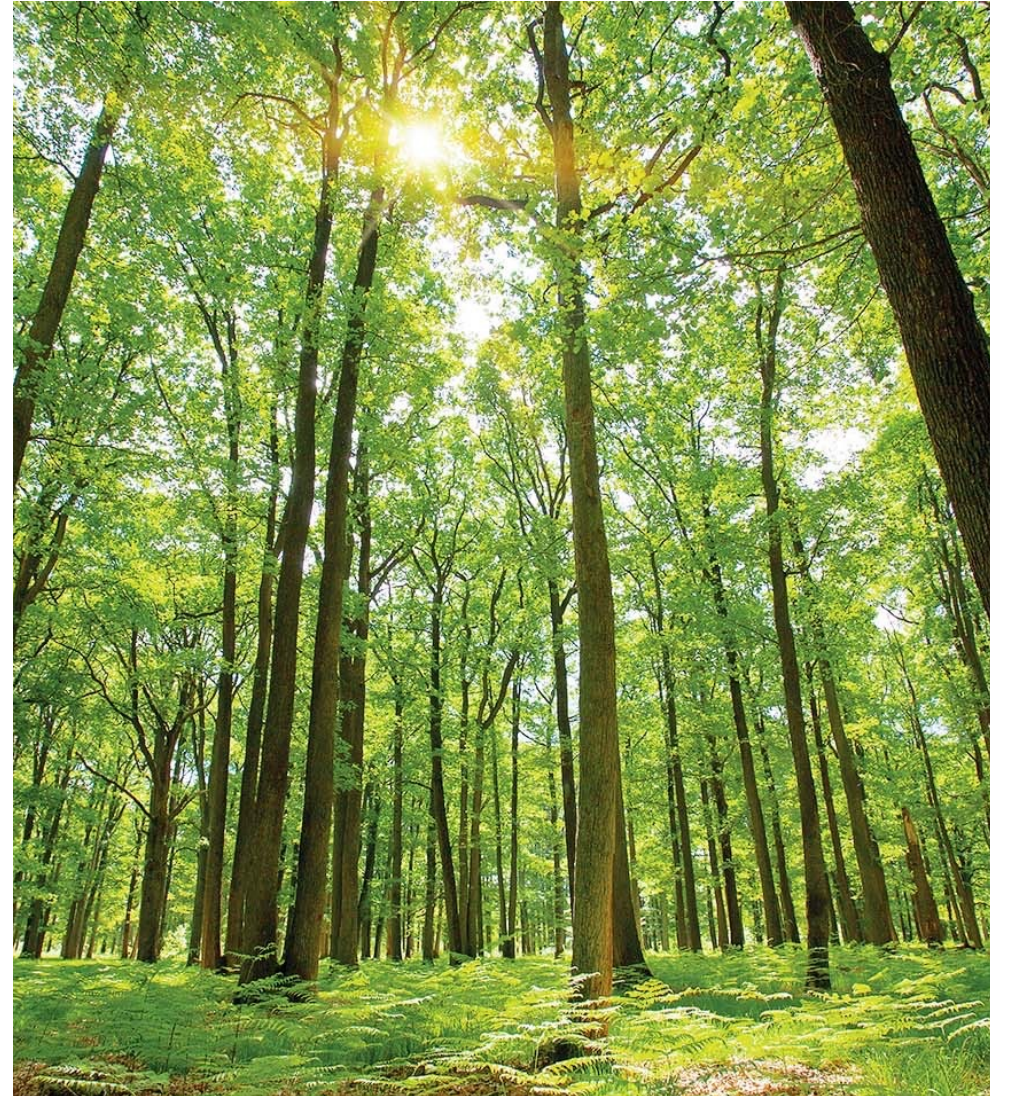MICHIGAN STATE UNIVERSITY

Introduction

Background

- States are striving to develop policies and programs to achieve climate and energy goal

- Existing policies with carbon impacts include:
    - Emission trading systems
    - Greenhouse gas emission targets
    - Property taxes
    - Cost-share programs
    - Renewable Portfolio Standards

- Forests are becoming increasingly integral to these climate plans

Objectives

- **Collect, categorize, analyze, track, and communicate** state policies and programs

- Provide foundation for analysis of existing policies

- Peer leaning between state actors

- Understand leverage points for natural and working land interventions

- Increased "climate-smart" policy dissemination and diffusion

Process and Methods

Literature Review

- Conducted to identity existing U.S. state-level policy areas influencing forest carbon, as well as to establish categories and structure for the policy tracking process

- Sources included budgets and fact sheets from state agencies and departments, statutory texts, third-party analyses, and academic papers

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Expert Interviews

- Interviews assisted in determining policy and program types for inclusion (e.g., those which may be indirectly, and so less obviously, linked to forest carbon

- Identifying thematic distinctions of greatest relevance within which policies and programs will be categorized

Policy Framework

- Theoretical framework for cataloguing and categorizing policies

- Four key policy areas identified
  - GHG Emissions and Energy
  - Direct Financial Incentives
  - Forest Management and Land Use
  - Public Procurement

GHG EMISSIONS AND ENERGY
- Carbon/GHG Emission Targets
- Cap and Trade
- Revewable Portfolio Standards (RPS) with Woody Biomass
- CSS/CCUS Frameworks

DIRECT FINANCIAL INCENTIVES

Forest Taxes
- Forest Exemption Laws
- Forest Rebate Laws
- Modified Assessment
- Modified Rate
- Yield Tax
- Severance Tax
- Forest Protection Taxes

- Cost Share Programs

FOREST MANAGEMENT AND LAND USE

Conservative Policies
- Forest Protection and Conservation Programs
- Conservation Easements
- No Net Loss (NNL)

Fire Management
- Fuel Reduction Policies
- WUI Response

Urban Trees & Forests
- Urban Forestry and Municipal Programs

- Forest BMPs
- State Forest Certification
- Urban Growth Boundaries
- Forest Action Plans (with Carbon Management)

PUBLIC PROCUREMENT
- Embodied Carbon Forest Policies
- Wood Use Requirements

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Database

- Each column represents a coding dimension for the policy (e.g., forest exemption laws)
- Each row pertains to a different state (e.g., Alaska)

| State	Property Exempt	Land Eligibility	Acres	Management Requirements	Enrollment
Alaska	Timber, land, and materials laid down by natural processes	Private land with scenic conservation or public recreation use easement	N/A	N/A	N/A
Delaware	Commercial forest plantations, land planted as a nursery, orchard, or for ornamental purposes	Commercial forest plantations	≥10	Forest Management Plan required	30 years
Georgia	Commercial forest plantations, land planted as a nursery, orchard, or for ornamental purposes	Land used for commercial production of trees, timber, or other wood and wood fiber products	≥200 in two counties ≥100 in one county	Property may have secondary uses such as promotion, preservation, or management of wildlife habitat	10 years
Hawaii	Land classified as tree farms	Tree farm development property in an agricultural district or conservation district zoned for commercial forest use	≥10	Tree farm management plan for the tree farm, the planting and harvesting schedules, and estimates of value at harvest	6-25 years
Iowa	Forest and fruit trees	Forest reservations and fruit tree reservations	≥2 (forest) 1-10 (fruit tree)	Erosion control, watershed protection, game cover while continuing to produce for income	Indefinite
Michigan	Qualified forest property	Land designated as qualified forest property	≥20	Forest Management Plan required (shall include a schedule and timetables for the various silvicultural practices used on forestlands)	N/A
Mississippi	All growing, standing timber, trees and shrubs in unmanufactured condition	N/A	N/A	N/A	N/A

Deliverables

Website & Maps

- Website with interactive, dynamic map detailing policies across states

- Links to FCCP written pieces, primary sources, etc.

State Forest Certification

Certifying Organization(s)

N/A   SFI, ATFS   SFI   FSC, SFI   FSC

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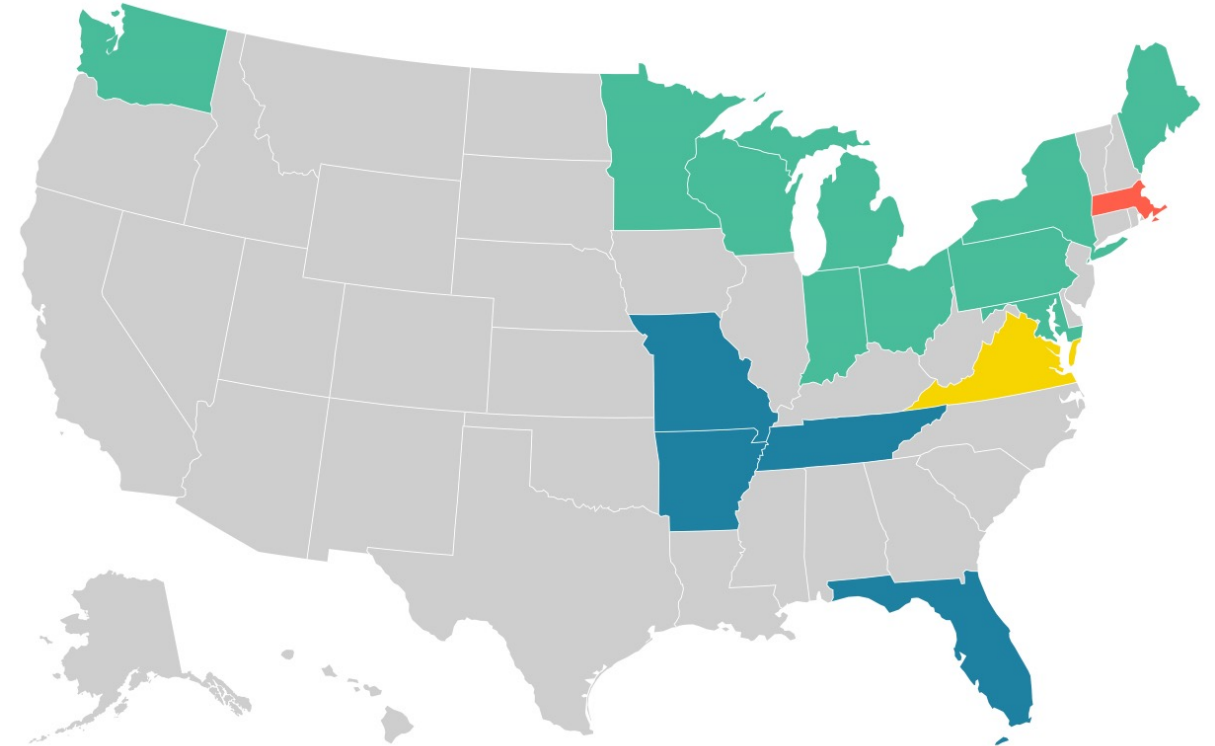
White Papers

- Detailing wider thematic areas as well as specific policies
  - Contextualizing important functional mechanisms, policy variations
  - State themes and approaches
  - Implications for forest carbon, land management

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State-Level Forest Tax Programs
Graham Diedrich, Michigan State University Forest Carbon and Climate Program

Introduction

Forest tax programs offer landowners an option to reduce, modify, or eliminate their property tax liability through preferential tax treatment. Preferential property taxes are designed to promote the preservation of an existing land use (e.g., forest land, recreational land, open space, agricultural land) by encouraging landowners to retain their land in its current form.[1]

All fifty states have a preferential property tax treatment impacting forest land use. Some state-level programs have management requirements that must be met in order to apply for preferential treatment, such as the establishment of a

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forest management plan. Indeed, a key goal of favorable tax treatment for forests is to ensure that forests remain forests. By giving this prioritization to forestland and open space land, policymakers seek to counteract or minimize economic pressures for forest conversion as well as (in some cases) motivate sustainable management practices. This makes forest tax programs relevant in preserving forest land, pursuing sustainable management practices, and supporting forest carbon sequestration efforts.

This paper beings by providing a basic understanding of property taxes, establishing the four categories of ad valorem, flat, yield, and severance taxes. In subsequent sections, the six preferential forest property tax types are discussed. Finally, the paper outlines the potential policy implications of these tax programs, ranging from land use changes to carbon sequestration.

Property Taxes

Simply understood, property taxes are taxes on property. However, complexities start to arise when considering what qualifies as taxable property, how is value assessed, and the arrangement of land ownership and usage. This section considers what makes property subject to taxation and how value is assessed, in addition to presenting the four main types of property taxes.

Figure 1. Taxable Property

What is Taxable Property?

Real Property	Personal Property
Buildings, canals, crops, fences, land, landscaping, permanent machinery, minerals, ponds, railroad tracks, and roads	**Tangible Personal Property** — Clothing, vehicles, jewelry, and non-permanent machinery
	Intangible Personal Property — Copyrights, patents, intellectual property, and investments

Taxable Property
Property is subject to taxation if it qualifies as one of two types of property: real and personal.[3] Real property consists of parcels of land, buildings associated with the land, and any permanent improvements (e.g., standing timber). Personal property is characterized as any property that does not meet the requirements of real property, such as non-permanent farming equipment.

Personal property is further broken down into tangible personal property (personal property perceptible to the senses) and intangible personal property (an asset that has value but isn't physical in nature). Figure 1 provides examples for each variation of taxable property.

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Policy Example

Forest Tax Programs

- Six preferential forest tax systems
  - Exemptions, Rebate, Modified Assessment, Modified Rate, Yield Tax, Severance Tax

- Policy goal is to promote the sustainability of private forests by limiting and abating property tax liabilities

State	Exemption	Rebate	Modified Assessment	Modified Rate	Yield Tax	Severance Tax
Alabama			X			X
Alaska	X					
Arizona			X			
Arkansas			X			X
California			X		X	
Colorado			X			
Connecticut			X		X	
Delaware	X		X			
Florida			X			
Georgia	X		X		X	
Hawaii	X		X			
Idaho			X		X	
Illinois			X		X	
Indiana			X			
Iowa	X		X			
Kansas			X			
Kentucky			X			
Louisiana			X			X
Maine			X			
Maryland			X			
Massachusetts			X			
Michigan	X			X		
Minnesota		X	X	X		
Mississippi	X		X			X
Missouri				X		
Montana	X		X			
Nebraska			X			
Nevada			X			
New Hampshire			X		X	
New Jersey			X			
New Mexico			X			X
New York	X				X	X
North Carolina	X		X			X
North Dakota				X		
Ohio			X	X		
Oklahoma			X			
Oregon		X	X			X
Pennsylvania			X			
Rhode Island	X		X			
South Carolina			X			X
South Dakota			X			
Tennessee			X			
Texas			X			
Utah			X			
Vermont			X			
Virginia		X	X			X
Washington			X	X	X	
West Virginia			X			
Wisconsin				X		
Wyoming			X			
Totals:	11	3	44	7	8	9

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Example: Forest Exemption Laws

- Exemptions granted to preserve scenic, conservation, public recreational spaces, commercial forest plantations

- Some states require forest management plans to apply for tax abatement (e.g., Michigan, Delaware)

- States can exempt forest land and/or timber
  - Michigan exempts forest land and timber, while North Carolina only exempts standing timber and other forest growth

Forest Exemption Laws in the United States, 2022

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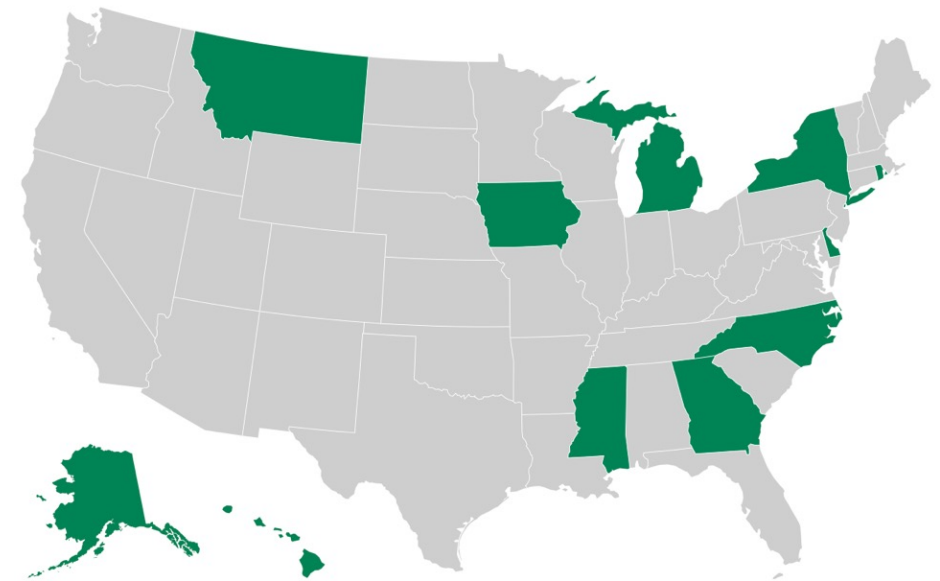
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